

Message Text

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SUBJECT: EC COMMISSION VIEWS ON STEEL TRADE

1. IN RESPONSE TO A QUESTION FROM A EUROPEAN PARLIAM-
ENTARIAN, THE EC COMMISSION HAS SET OUT ITS VIEWS
CONCERNING THE US TRIGGER PRICE MECHANISM, STEEL EXPORTS
TO THE US, AND BILATERAL AGREEMENTS WITH SUPPLIER
COUNTRIES. TEXT OF COMMISSION STATEMENT FOLLOWS:

BEGIN TEXT: (1) EXPORTS OF THE COMMUNITY'S IRON AND STEEL
PRODUCERS DESTINED FOR THE USA HAVE, OVER THE FIRST FEW
MONTHS OF THIS YEAR, REMAINED AT A HIGH LEVEL, AS THE
INDUSTRY HAD AT THE BEGINNING OF THE YEAR RELATIVELY FULL
ORDER BOOKS, AND THE EXECUTION OF THESE CONTRACTS WAS
EXCLUDED FROM THE APPLICATION OF THE TRIGGER-PRICE SYSTEM
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IN A TRANSITIONAL PERIOD LASTING UP TO 30 APRIL 1978.
NEW ORDERS FOR DELIVERY AFTER THIS DATE HOWEVER ARE
CONSIDERABLY DOWN ON LAST YEAR'S. IT SHOULD BE NOTED IN
PARTICULAR THAT THE TRIGGER PRICES IN THOSE AREAS OF
INTEREST TO THE COMMUNITY, THAT IS THE GREAT LAKES AREA
AND THE ATLANTIC COAST, OFFER EXCESSIVELY SMALL OR INDEED
NO MARKET PENETRATION MARGINS, WHEREAS THE PENETRATION

MARGINS IN OTHER REGIONS - GULF COAST AND PACIFIC - ARE CONSIDERABLY HIGHER. IN ADDITION, THE CONTINUATION OF THE ANTI-DUMPING PROCEDURES APPLIED AGAINST EUROPEAN PRODUCERS CONSIDERABLY HAMPERS THE CONCLUSION OF NEW IMPORT DEALS.

(2) THE TRIGGER-PRICE SYSTEM AND THE BASE PRICE SYSTEM BROUGHT IN BY THE COMMUNITY ARE BOTH BASED ON ARTICLE 8 OF THE "ANTI-DUMPING CODE". THIS TEXT PROVIDES ESSENTIALLY FOR THE ESTABLISHMENT OF BASE PRICES FOR IMPORTS CORRESPONDING TO THE LOWEST NORMAL PRICES IN SUPPLIER COUNTRIES IN WHICH NORMAL CONDITIONS OF COMPETITION OBTAIN.

AS TO THE DISSIMILARITIES, IT SHOULD BE NOTED FIRST OF ALL THAT THE AMERICAN TRIGGER PRICES ALSO AFFECT PRODUCTS NOT COVERED BY THE EUROPEAN COAL AND STEEL COMMUNITY TREATY, WHEREAS THE BASE PRICES HAVE BEEN ESTABLISHED FOR ABOUT 80 PERCENT ONLY OF ECSC PRODUCTS. THE COMMUNITY HAS MADE IT CLEAR FROM THE OUTSET THAT IT IS WILLING TO REPLACE ITS BASE PRICES BY AGREEMENTS WITH NON-MEMBER COUNTRIES CONTAINING A MORE FAVOURABLE PRICE FORMULA FOR CERTAIN TRADITIONAL IMPORTS. THIS WOULD GIVE EXPORTERS A FIXED MARGIN OF MARKET PENETRATION OVER THE LIST PRICE OF COMMUNITY IRON AND STEEL PRODUCERS AT ALL POINTS OF DELIVERY. BOTH THE TRIGGER PRICES AND THE BASE PRICES, WITH CERTAIN EXCEPTIONS, AFFORD A MARKET PENETRATION MARGIN ONLY AT THE EXTERNAL BORDER.
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THE COMMUNITY HAS SUSPENDED THE ANTI-DUMPING PROCEDURES AGAINST COUNTRIES WITH WHICH IT HAS CONCLUDED AGREEMENTS. IN THE USA THE INTRODUCTION OF TRIGGER PRICES HAS NOT AS YET LED TO A SUSPENSION OF ANTI-DUMPING PROCEDURES.
(NOTE: STATEMENT DRAFTED JUNE 27.)

(3) THE COMMISSION HAS NEGOTIATED AGREEMENTS ON IMPORTS OF STEEL WITH THE SIX EFTA COUNTRIES (AUSTRIA, FINLAND, NORWAY, PORTUGAL, SWEDEN, AND SWITZERLAND. THE AGREEMENT WITH SWITZERLAND APPLIES ONLY TO REINFORCING STEEL). AGREEMENTS WITH CZECHOSLOVAKIA, HUNGARY, JAPAN, SOUTH AFRICA AND SPAIN HAVE ALSO BEEN SIGNED.

NEGOTIATIONS ARE IN PROGRESS WITH ROMANIA AND SOUTH KOREA AND HAVE BEEN OPENED WITH BULGARIA AND POLAND. NEGOTIATIONS WILL BEGIN SHORTLY WITH BRAZIL WITH A VIEW TO REPLACING THE AGREEMENT ON PIG IRON REACHED AT THE END OF 1977 BY AN AGREEMENT FOR ALL IRON AND STEEL PRODUCTS COVERED BY THE ECSC TREATY. END TEXT. HINTON

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